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October 2, 2008

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## Delinquent Tax Payments - IRS Sharpens Its Collection Tools

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***Delinquent Tax Payments - IRS Sharpens Its Collection Tools***

Beginning October 1, 2008, the IRS is authorized to collect payments due the IRS, by reducing Medicare payments due providers. Section 1024 of the Taxpayer Relief Act of 1997 authorized the IRS to collect overdue taxes by reducing Medicare payments to health care providers. As a result of this federal legislation, the IRS implemented the Federal Payment Levy Program (FPLP) in July 2000. Under the FPLP, the IRS is authorized to collect overdue taxes by placing a continuous levy on payments owed to contractors doing business with the federal government.

Beginning October 1, 2008, the FPLP was extended to include payments made to Medicare providers. (Additional information regarding the application of FPLP to Medicare providers is available at [CMS' web site](#).)

The extent of the levy authorized under the FPLP is the greater of 15% of the total Medicare payment due or the exact amount of the delinquency, if the delinquency is less than 15% of the payment total. To the extent that the IRS initiates a levy, a "WU" code will appear in the PLB03-1 filed on the remittance advice. The toll-free number for the IRS, 1-800-829-3903, will also appear on the remittance advice, since only the IRS (not the Medicare contractor) is authorized to discuss the tax levy with providers.

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**Ober|Kaler's Comments:** This is not the only consequence for the failure to pay taxes owed. Some state Medicaid agencies have begun to include a review of any tax liability as part of the procedures to obtain and maintain a billing number. Additionally, some states have authorized sanctions (e.g., denial of initial licensure or licensure renewal) against applicants or licensees for the failure to pay state taxes.

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